



STRATEGIC POLICING AND CRIME BOARD
7th February 2017

Financial Monitoring 2016/17

PURPOSE OF REPORT

1. This report presents the estimated revenue outturn position for 2016/17, and the capital expenditure position based upon actual spending to December 2016.

BACKGROUND

2. At the meeting of this Board on 1st November the revenue monitoring position to the end of September was presented. This report sets out the financial position of the Force and the Commissioner at the end of the third quarter – projecting forward to the year end and also reflecting on the movements in forecasts in the last quarter since the last report. This will be the final report presented to the board in relation to budget monitoring for 2016/17 before the provisional outturn report is presented at the year end. As previously reported the change programme is robustly monitored through Force governance arrangements.

ESTIMATED OUTTURN 2016/17

3. At the Police Force level the estimated outturn (paragraph 12) shows an underspend of £6.2m or 1.2% of the budget excluding WMP2020 projects. This is an increase of £4.6m compared to the last report. The WMP2020 programme shows an underspend of £3.2m and £2m of this underspend is expected to be carried forward to be used in 2017/18 to continue to deliver the programme.
4. The estimated outturn on police officer pay is now expected to be £1.5m under budget. The increased underspend of £0.4m from that reported to Board arises from a combination of additional police leavers and contingency funding that was allocated to intelligence operations being completed under budget.
5. The expenditure forecast for police staff pay has decreased by £0.7m to an underspend of £1.2m compared to the last report. There are a number of reasons for this. Firstly, of the 200 police staff posts created this year their actual start date will be slightly later than forecast, secondly the provision within police staff pay budgets to fund temporary posts in relation to the change programme and some of the requirement for such posts has been absorbed within business as usual

activity. Thirdly, there are savings in police staff pay in the Regional Organised Crime Unit as a result of unfilled vacancies.

6. Within premises related expenditure in the last report this budget was expected to be underspent by £0.3m. The underspend is now expected to be £0.6m. This increase is due to increased rates rebates, savings on utility costs, building maintenance and property rentals.
7. Within transport related expenditure the forecast underspend has grown from the £0.6m previously reported to £1.3m. This is principally due to savings on vehicle fuel as a result of the greater efficiency of vehicles, a reduction in miles travelled and the lower price of fuel in the first half of the year. This makes up £1.2m of the saving. There is also a saving on vehicle tyres of £0.1m which is due to improved driver behaviour and a reduction in the number of miles travelled by the fleet.
8. The forecast within Supplies and Services has moved from an overspend of £0.6m to an underspend of £0.4m. The movement of £1.0m derives mainly from an amount of expenditure (£0.6m) which had been provisioned against supplies and services relating to the uplift of firearms officers following the 2015 terror attacks in France has now been offset against police officer pay. The remaining movement comes from a variety of areas across the force including forensic services.
9. The force is now expected to generate £1.7m more external income than budgeted which is a movement of £1.3m since the last report. This has resulted from a number of sources including Police Led Prosecutions and Home Office Income from the temporary housing of immigration prisoners (£0.4m), an uplift in income from DBS checks (£0.2m), additional income from road closure requests for Motorway Policing (£0.2m), operations events planning income from reclassification of football matches (£0.3m) and additional income from a variety of other sources (£0.2m). Some of these items are one off, whilst others are projected to exceed the current budgeted amounts.
10. The forecast underspend within projects has increased by £2.0m compared to the last report so WMP2020 projects are now expected to underspend in 2016/17 by £3.2m. This reflects additional savings on the Custody project (£0.8m) due to rent and rates costs being lower than budgeted and reduced costs of snagging works. Secondly savings on the Estates project have increased by £0.4m as decommissioning costs have been lower than budgeted. Other savings have derived from the Redesigning Response project (£0.3m), Mission Support (£0.2m), Driver Behaviour (£0.2m) and the New Ways of Working (NWoW) programme (£0.1m). It is expected £2.0m of these underspends will be carried forward into 2017/18.
11. The movement in the PCC expenditure of £1.5m is due to underspends in grant funded initiatives of £1m and the Active Citizens Fund of £0.5m. This is due the phasing of projects and the underspend from 2016/17 will need to be carried forward into 2017/18.

12. The detailed outturn position is shown below:-

	2016/17 Current Budget	2016/17 Forecast Outturn	2016/17 Variance to Current Budget
	£000	£000	£000
<u>Police Force</u>			
Police pay	353,226	351,685	-1,541
Police Community Support Officers	12,845	12,491	-354
Support staff pay	100,855	99,603	-1,252
Other employees expenses	3,058	4,080	1,022
Sub Total	469,984	467,859	-2,125
Premises	16,927	16,289	-638
Transport	7,980	6,700	-1,280
Supplies and services	42,009	41,577	-432
Agency	5,647	5,474	-173
Capital Financing Costs	3,198	3,288	90
External income	-31,355	-33,029	-1,674
Sub Total Police Force (Exc. WMP 2020 project costs)	514,390	508,158	-6,232
WMP2020 project costs	21,979	18,793	-3,186
Sub Total Police Force (Inc. WMP 2020 project costs)	536,369	526,951	-9,418
<u>PCC</u>			
Office of the PCC	1,945	1,945	0
CSF Expenditure (LA's)	3,863	3,863	0
Other Commissioning	2,628	1,115	-1,513
Victims Services expenditure	3,089	3,319	230
Victims Services income	-3,089	-3,319	-230
Sub Total Office of the PCC	8,436	6,923	-1,513
Total Revenue Budget Before Carry Forward	544,805	533,874	-10,931
Contribution to Projects for Carry forward	0	2,000	2,000
Contribution to PCC for Carry forward	0	1,513	1,513
Contribution to ROCU Reserve	0	636	636
Total Revenue Budget After Carry Forward	544,805	538,023	-6,782
Contribution from Reserves	-17,528	-10,746	6,782
Total Revenue Budget	527,277	527,277	0

CAPITAL OUTTURN 2016/17

13. The current budget is £39.6m and expected outturn on capital work is £30m. A considerable amount of capital work has taken place for which we are awaiting invoices and comparatively more capital work takes place in the final quarter of a financial year. Forecast outturns for WMP2020 projects continue to be reviewed through the Organisational Change Board (OCB) and represent an accurate expectation of timing of spend as it is now clear that for some projects budgeted expenditure will move into the next financial year.
14. The underspend expected on the NWoW budgets is mainly due to less capital work coming from the estate rationalisation of the Walsall region which has now been completed with the reopening of Bloxwich.
15. The underspend on the Criminal Justice budgets has been realised now the Custody Block builds are completed and the projects are closing. The remaining budget was a provision for any issues that arose after the buildings opened and is not likely to be fully spent. A similar underspend has occurred in the revenue budget for the same reason.
16. The Operational Policing Solution has entered an analyse and build phase which means that the majority of expenditure will now take place in 2017/18.
17. The estates rationalisation budget has been moved into 2017/18 due to some building closures planned for this year not now taking place until 2017/18 and due to further estates work now taking place next year.
18. The overspend expected on the driver behaviour project shows a corresponding underspend in revenue as costs have been moved from revenue to capital in year.
19. Within other WMP2020 projects the underspend forecast relates to the redesigning response project work which will now take place in 2017/18, a rephasing of an element of capital spend on the mobility platform that will now take place also in 2017/18 and some uncertainty regarding the Airwave Replacement plans.
20. The in-year capital position is detailed in the table below. In terms of the £9.6m variance to current budget it is expected that around £7.2m will be carried forward to be spent in 2017/18.

	2016/17 Revised Budget £000	2016/17 Adjs £000	2016/17 Current Budget £000	2016/17 Outturn Forecast £000	2016/17 Variance to Current Budget £000
WMP2020					
<i>NWoW (incl Lloyd House)</i>	11,279	0	11,279	9,392	-1,887
<i>Criminal Justice</i>	945	0	945	633	-312
<i>Next Generation Enabling Services</i>	4,174	350	4,524	4,524	0
<i>Operational Policing Solution</i>	6,240	0	6,240	700	-5,540
<i>Driver behaviour</i>	240	0	240	415	175
<i>Estates Rationalisation</i>	3,000	-3,000	0	0	0
<i>Other WMP2020</i>	9,580	-2,252	7,328	5,284	-2,044
Total WMP 2020	35,458	-4,902	30,556	20,948	-9,608
Business As Usual					
<i>Fleet</i>	4,300	-150	4,150	4,150	0
<i>ICT</i>	1,547	0	1,547	1,547	0
<i>Equipment</i>	200	699	899	899	0
<i>CTU</i>	1,455	988	2,443	2,443	0
Total Business As Usual	7,502	1,588	9,039	9,039	0
Total Capital Spend	42,960	-3,314	39,595	29,987	-9,608

FINANCIAL IMPLICATIONS

21. This report solely deals with financial issues.

LEGAL IMPLICATIONS

22. The production of the PCC's Accounts is governed by the Local Government Act 1982 and Regulations made under that Act. The Local Government Act 1988 requires the PCC to make arrangements for the proper administration of its financial affairs.

RECOMMENDATIONS

23. The Board is asked to note the contents of this report.

Mark Kenyon
Chief Finance Officer to the PCC

Neil Chamberlain
T/Director of Commercial Services